

Economic Development

TVA makes the Tennessee Valley's economy stronger by building business and community partnerships that bring jobs to our region and keep them here. TVA supports economic growth in the Valley by:

- Delivering reliable, affordable power that makes the Valley an attractive place to start or expand a business.
- Working with Valley communities to help businesses thrive and to bring new jobs to the people of our region.

During fiscal year 2004, TVA:

- Sold more electricity than ever before—almost 166 billion kilowatt-hours—and met an all-time summer peak of 29,878 megawatts.
- Maintained 99.999 percent transmission reliability for the fifth year in a row, with key measures of reliability more than one-third better than in 1999-2000.
- Kept the average rates for customers in the TVA service area 25 percent lower than the national average.
- Contributed \$2.4 billion to our regional economy through purchases from Valley suppliers.
- Provided almost \$338 million in tax-equivalent payments to Valley communities for support of local education and other vital needs.
- Helped attract or retain more than 50,000 jobs in the seven-state TVA region and leveraged investments of \$2.1 billion.
- Completed 350 technical services projects for Valley communities and industries, including economic research and analysis as well as engineering, architectural, and environmental evaluations.
- Deployed an economic development Web site—TVAed.com—that provides comprehensive information for businesses and industries wishing to locate or expand in the Tennessee Valley.
- Promoted use of the Synchronist Business Information System® to community and economic development officials in the Valley. Synchronist captures and analyzes data that helps communities, businesses, and industries create and retain jobs.
- Assisted Hopkinsville, Ky., and Columbus, Miss., in marketing two industrial “megasites” certified by McCallum Sweeney Consulting as suitable for major automobile manufacturing or assembly plants.

Energy

TVA helps make the Tennessee Valley a better place to live through its work in energy, the environment, and economic development. As the nation's largest public power provider, TVA delivers reliable and affordable electric power that gives businesses and families in the region more opportunity to prosper.

- The TVA power system is one of the most reliable and efficient in the nation, and it pays its own way—receiving no taxpayer dollars.
- TVA has a track record of more than 70 years of service in making life in the Tennessee Valley better for future generations.

TVA is committed to excellence in providing world-class service at the lowest feasible cost. During fiscal year 2004, TVA:

- Sold more electricity than ever before—almost 166 billion kilowatt-hours—and met an all-time summer peak of 29,878 megawatts.
- Set an all-time fossil system record for reliability from May through September. Improvements in fossil reliability alone saved TVA an estimated \$123 million.
- Set continuous-run records at a dozen fossil units, including Widows Creek Unit 3, which set a new TVA fossil-system record of 616 days. In the past five years, half of TVA's 59 coal-fired units have set continuous-run records.
- Earned recognition from *Electric Light & Power* magazine for Bull Run Fossil Plant, named the most efficient coal-fired plant in the nation in 2002. Bull Run has been ranked among the nation's 10 most efficient plants by the magazine every year since 1995.
- Achieved the second-highest level of nuclear power generation in TVA history.
- Continued the recovery of Browns Ferry Unit 1—now 50 percent complete, ahead of schedule, and under budget. The unit is scheduled to add 1,280 megawatts of clean, reliable, and affordable power for TVA customers in 2007.
- Earned recognition from *Nucleonics Week* magazine for all three TVA nuclear plants, which the magazine ranked among the nation's 12 most efficient generators in 2003. Browns Ferry placed fourth, Sequoyah fifth, and Watts Bar 12th.
- Completed modernizations of TVA hydropower facilities that added 18 megawatts of generating capacity, bringing to 450 megawatts the total achieved so far by modernizing 50 units. Twenty-seven hydro units were automated for remote control during the year.
- Maintained 99.999 percent transmission reliability for the fifth year in a row, with the lowest number of “load-not-served” and “connection point interruptions” on record—about one-third fewer than in 1999-2000.
- Reached an agreement with two other systems, PJM and the Midwest Independent System Operator, to strengthen regional transmission reliability by sharing data continuously. Further coordination agreements will address power flows, regional transmission planning, and other issues.

Environment

TVA is the nation's largest public power provider and a partner to the Tennessee Valley for progress and change. TVA helps our region thrive and enables residents to enjoy a better quality of life by:

- Managing the the Tennessee River system and other natural resources so the Valley is a cleaner and safer place to live and work.
- Working aggressively to further improve air quality so we can have confidence in the health of the Valley.
- Exploring renewable energy sources so our children and grandchildren can enjoy the benefits of clean and reliable power.

During fiscal year 2004, TVA:

- Continued its \$6 billion investment in cleaner air by installing 10 more selective catalytic reduction systems to reduce nitrogen oxide emissions from TVA fossil units and continued work on a scrubber at Paradise Fossil Plant that will further reduce emissions of sulfur dioxide when operation begins in 2006. By the end of the decade, TVA will have reduced SO₂ emissions by 85 percent and NO_x emissions by 75 percent.
- Adopted a new operating policy for the reservoir system to increase recreational opportunities and improve navigation while maintaining effective flood control.
- Managed the Tennessee River system effectively under conditions that included the wettest September in 130 years of record-keeping. During the year, TVA achieved a 4 percent increase in hydro generation.
- Averted about \$10 million in potential flood damages from Hurricane Ivan, adding to more than \$5 billion in total estimated flood damage averted since the creation of the TVA reservoir system.
- Certified the 39th Clean Marina in the Tennessee Valley, recognizing success in protecting water quality related to recreational boating.
- Began installation in Memphis of TVA's 16th Green Power Switch® solar facility.
- Agreed to buy power from the largest wind-turbine project in the Southeast, now being built at TVA's wind farm atop Buffalo Mountain in East Tennessee.
- Developed a partnership with Oak Ridge National Laboratory that will allow academic researchers and scientists across the Valley to connect to ORNL's supercomputing center using TVA's state-of-the-art fiber-optic network.

TVA Achievements in 2004

Fiscal year 2004 was a year of notable achievements for TVA in the areas of energy, the environment, and economic development.

During 2004, TVA:

- Sold more electricity than ever before—almost 166 billion kilowatt-hours—and met an all-time summer peak of 29,878 megawatts.
- Earned revenue of \$7.5 billion and net income of \$386 million.
- Reduced total financing obligations by \$278 million—\$53 million more than targeted. TVA has reduced interest expense as a percentage of revenue from 34 cents of every revenue dollar in 1997 to 17 cents in 2004.
- Reduced capital expenditures by \$142 million from the year before and saved \$60 million in labor costs.
- Contributed almost \$2.4 billion to our regional economy through purchases from Valley suppliers.
- Provided almost \$338 million in tax-equivalent payments to Valley communities for support of local education and other vital needs.
- Continued the recovery of Browns Ferry Unit 1—now 50 percent complete, ahead of schedule, and under budget. The unit is scheduled to provide 1,280 megawatts of clean, reliable, and affordable power for TVA customers in 2007.

Also during 2004, the TVA Board:

- Approved the Strategic Plan to preserve TVA's core mission and ensure its financial viability in a more competitive marketplace.
- Set a new operating policy for the reservoir system to increase recreational opportunities and improve navigation while maintaining effective flood control.
- Enacted the first rate adjustment in six years, providing TVA with about \$365 million in additional annual revenue to fund clean-air improvements.
- Approved a \$1.5 billion prepayment from Memphis Light, Gas & Water Division—TVA's largest customer—for a significant portion of MLGW's electricity needs through 2018.

Energy

- Set an all-time fossil system record for reliability from May through September.
- Set continuous-run records at a dozen TVA fossil units, including Widows Creek Unit 3, which set a new TVA fossil-system record of 616 days.
- Achieved the second-highest level of nuclear power generation in TVA history.

- Maintained 99.999 percent transmission reliability for the fifth year in a row.
- Earned recognition from *Nucleonics Week* magazine for the fact that all three TVA nuclear plants were among the nation's 12 most-efficient generators in 2003.
- Earned recognition from *Electric Light & Power* magazine for Bull Run Fossil Plant, named the most energy-efficient coal-fired plant in the nation in 2002.
- Completed modernizations of TVA hydropower facilities that added 18 megawatts of generating capacity.

Environment

- Invested \$365 million in clean-air equipment during the year, including 10 more selective catalytic reduction systems to reduce emissions of nitrogen oxides and a scrubber at Paradise Fossil Plant to reduce emissions of sulfur dioxide.
- Managed the Tennessee River system effectively under extreme conditions, including the wettest September in 130 years of record-keeping, and averted about \$10 million in potential flood damages from Hurricane Ivan.
- Certified the 39th Clean Marina in the Tennessee Valley.
- Began installation in Memphis of TVA's 16th Green Power Switch® solar facility.
- Agreed to purchase power from the largest wind-turbine project in the Southeast, now being built at TVA's existing wind farm in East Tennessee.

Economic development

- Helped attract or retain more than 50,000 jobs in the seven-state TVA region and leveraged investments of \$2.1 billion.
- Deployed an economic development Web site—TVAed.com—that provides comprehensive information for businesses and industries wishing to locate or expand in the Tennessee Valley.
- Promoted use of the Synchronist Business Information System® to community and economic development leaders in the Valley, giving them a tool for capturing and analyzing data useful to local industry.
- Assisted Hopkinsville, Ky., and Columbus, Miss., in marketing two industrial "megasites" certified by McCallum Sweeney Consulting as suitable for major automobile manufacturing or assembly plants.